



February 14, 2008

Laura J. Ortega
WVES Controller, Mailstop AC-FIN
West Valley Environmental Services LLC
10282 Rock springs Road
West Valley, NY 14147-9799

Dear Ms Ortega:

FY 2007 SUPPORT COST BY FUNCTIONAL ACTIVITY REPORT (SCFAR) PEER REVIEW – West Valley Demonstration Project

The SCFAR Peer Review Team has reviewed the FY 2007 Support Cost by Functional Activity Report prepared by West Valley Nuclear Services Company (WVNSCO). The purpose of our review was to confirm that the data reported by WVNSCO complied with the guidelines and definitions issued by the United States Department of Energy (DOE) and to fulfill a DOE requirement to have all of the reporting sites independently reviewed on a periodic basis.

WVNSCO FY 2007 Support Cost by Functional Activity Report Process

WVNSCO utilizes the Work Breakdown Structure (WBS) and the Organization Breakdown Structure (OBS) codes to categorize costs in its FY 2007 SCFAR. This methodology utilizes a well defined and documented WBS and OBS and classification of each structure based on the guidelines and definitions.

WVNSCO has implemented the items that they agreed to implement from the last SCFAR Peer Review (01/27/2005) for FY 2004.

Item Identified During the FY 2007 Peer Review

Item not reported in the SCFAR:

Work performed by WVNSCO for the state of New York which was 9.2%.

Team recommendation – This work should be included in your SCFAR since it is work that you performed even though it was not DOE work. Note – the 33.4% of Total Support Cost to Total All Costs remains the same since the 9.2% New York State adjustment was made to all categories.

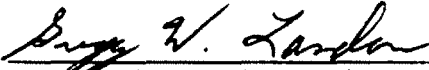
Contractor comment –

The DOE and NYS have a 90% - 10% cost sharing agreement for the WVDP. Since the inception of the Functional Cost Reporting requirement, guidance received from DOE has required the West Valley report to reconcile with DOE costs as reported in the STARS (and formerly the MARS) accounting system. At direction of the DOE, WVES will include the New York State share.


Accuracy Assessment

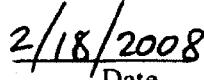
The Peer Review Team has concluded that WVNSCO has met the intent of the SCFAR guidelines and definitions and has achieved a level of accuracy at or above 90%.

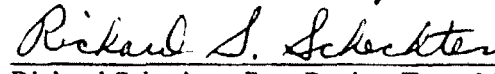
We would like to thank Mr. Joel Wagner for his patients, efforts and support.

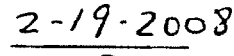

Gregg W. Landon, Peer Review Team Lead
Idaho National Laboratory, INL

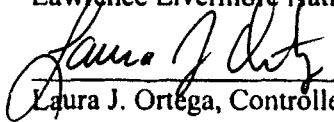

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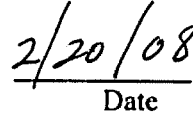

Keith B. Barney, Peer Review Team Member
Idaho National Laboratory, INL


Date


Richard Schechter, Peer Review Team Member
Lawrence Livermore National Laboratory, LLNL


Date


Laura J. Ortega, Controller
West Valley Environmental Services LLC


Date

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